

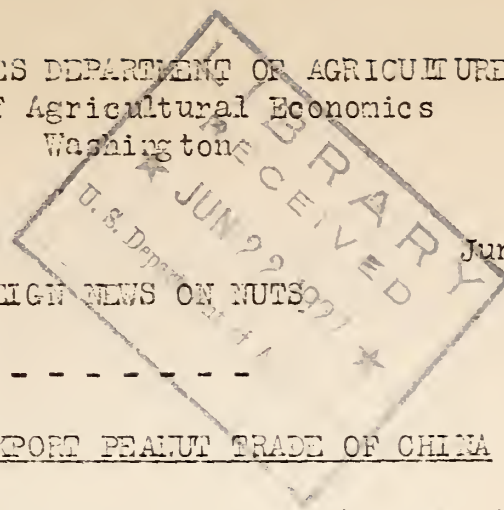
Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.

1. 9
Ec 752 F

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

F.S.
PW-1



June 13, 1927

FOREIGN NEWS ON NUTS

THE EXPORT PEANUT TRADE OF CHINA

The production of peanuts in China for the export trade is concentrated in and about the provinces of Shantung and Chihli, in the north-western part of China proper, according to a report just received in the Department of Agriculture from Agricultural Commissioner Paul O. Nyhus. There are evidences of a scattered production throughout China for local consumption but no other district has developed a significant commerce to foreign countries and to ports in China. Crops in China are chiefly food crops to support the farm family, but peanut growing, together with a few other crops, has been developed as a cash crop of considerable importance in the above area.

The amount of peanuts raised in the leading producing province of Shantung and in other provinces is uncertain. Dependable statistics of this sort do not exist and if and when a functioning government is established in China it will be difficult, in collecting statistics, to overcome a Chinese trait of inexactness. As an indication, however, of the Shantung crop, the exports from the two shipping points that largely represent Shantung production are equivalent to 400,000 short tons of peanuts in the shell in favorable years. The area of the province is 46,000 square miles compared to 43,000 square miles, the area of Virginia.

Leading Export Ports

Tientsin and Chefoo share with Tsingtao in the export business but the latter place is the principal market center. Fully fifty per cent of the export trade flowed through that single market during the past four years. Leased to Germany in 1898 the Germans developed Tsingtao from a rocky peninsula into one of the most modern and attractive port cities of China. Taken by the Japanese in 1914, occupied by them for eight years and finally returned to China in 1922 following the Washington Conference, the city has an interesting international history. A 200 mile railroad line built by the Germans and running west to Tsinan Fu taps the production of a great part of Shantung. Small boats or junks sailing along the coast settlements bring supplies, and farmers out as far as thirty miles either push their crops to market on wheelbarrows or haul them in on donkey and mule carts. The volume of peanut business done at Tsingtao has brought about a quite highly organized market at that place that dominates the trading in peanuts at other ports.

Country assemblers ship to Chinese dealers at Tsingtao or at other ports with only a few dealers having their own buyers in the country markets.

Exporters or commission brokers for foreign concerns buy from the Chinese dealers on samples or buy on the Tsingtao Exchange. The exchange formerly operated only in a small way but now occupies modern spacious quarters and has enlarged its activity. The administration is Japanese with membership consisting of Chinese, Japanese and Europeans. It has set up standards of quality and an inspection service to facilitate dealings but these grades and inspections have no recognition outside of local transactions. The sales on the exchange are mostly spot sales but forward contracts are dealt in to a limited extent. A Japanese firm issues a market news sheet reporting amounts, prices, and purchasers of lots sold on the exchange.

Business with Europe and the United States is very largely on forward contracts of one to four months and many contracts are completed before harvest. Considerable speculation is accordingly involved in these future contracts since dependable information as to supplies is lacking and exchange rates fluctuate considerably. Chinese currency is on a silver basis and the yuan dollar fluctuated in value between \$.52 (gold) in March 1926 and \$.44 in March this year.

Chinese Export Trade in Peanuts and Peanut Oil

Unshelled peanuts, kernels, and peanut oil, all enter into the peanut trade in China. As the equivalent of unshelled peanuts, kernels made up 60 per cent, peanut oil 50 per cent, and peanuts in the shell 10 per cent during the past three years. The exports abroad in 1925 show similarly high percentages of kernels and peanut oil; kernels 49 per cent, oil 36 per cent, and "in shell" 15 per cent.

The following are annual statistics of trade with the United States.

PEANUTS AND PEANUT OIL: Exports from China to United States

Year	Kernels	Unshelled	Peanut Oil
	<u>Short tons</u>	<u>Short tons</u>	<u>Short tons</u>
1923	19,146	1,634	8,197
1924	31,233	4,206	14,002
1925	33,150	5,801	8,450
1926	26,566	3,417	7,265

Prior to 1923 peanuts were shipped in large quantities to Japan and reshipped to the United States as declared exports from Japan. With improved direct trans-Pacific transportation from north China ports, the business is now being done directly from China.

PEANUT KERNELS: Exports from China

Country	1924	1925
	<u>Short tons</u>	<u>Short tons</u>
United States	31,233	33,150
Spain	26,331	27,771
Netherlands	21,836	13,784
Germany	21,936	13,514
France	27,170	12,974
Japan	14,236	10,563
Great Britain	11,476	8,096
Total abroad	177,561	136,962
Total to Chinese ports	145,462	128,186

It will be noted that the United States is the largest single taker but that Europe absorbs almost three-fourths of the entire exports abroad. Canton takes 90% of the shipments to Chinese ports.

Europe buys almost entirely for oil extraction and takes what is termed a Fair Average Quality grade (F.A.Q.), states Mr. Nyhus. In its very terminology it is a grade lacking in exactness. A Fair Average Quality grade can result even after count grades for the United States have been sorted out from good ungraded lots. An actual standard average is set up each month by the Incorporated Oil Seed Association in London by a pool of samples taken from cargoes received in Europe from China. The grade approximates a 48-50 count. Shipments to Europe are made under London Contract No. 25 providing for inspection and net weights at point of destination with claims few in normal years according to Tsingtao exporters who maintain that the European market is easy to satisfy.

Canton requirements are also for oil extraction and are even less particular than European demands. Peanut oil is used in Canton as a cooking oil.

American requirements are very exacting taking count grades entirely; 28-30s, 30-32s, and 38-40s. Shelling is done in the interior but sorting and grading take place in the port cities. The count grades are hand picked after mechanical sorting which accounts for their very uniform appearance. Ninety-eight per cent letters of credit usually accompany contracts for the United States and provision is usually made also for certificate of count, moisture content, and quality of the shipment, by a Seattle firm with a representative at Tsingtao.

A small business has been developed with the United States in the last two years in blanched peanuts with prospects for continued development uncertain. The shipping movement to the United States is confined largely to a five months' period from December 1 to May 1.

As previously indicated, exports in the shell are relatively small compared to kernel and oil exports.

UNSHELLED PEANUTS: Exports from China

Country	1924	1925
	<u>Short tons</u>	<u>Short tons</u>
France	12,118	16,711
Netherlands	13,306	12,283
Great Britain	8,798	7,781
United States including Hawaii	4,206	5,801
Germany	5,217	5,087
Total abroad	64,292	59,671
To Chinese ports	1,951	2,388

It will be noted that the United States is a small taker with the bulk of the shipments going to Europe. The United States and Canada take the lower count grades with Europe a "Hand Picked Selected" grade approximately equivalent to 14-16s. Regions producing clean and bright colored shells are called upon for the "in shell" exports but all lots are carefully hand picked by women and children in the "godowns" or warehouses of the port cities. Some women observed at work in Tsingtao sorted out about 350 pounds a day at piece rate earnings per day of 120 coppers or 11 cents in United States currency.

Ocean rates on shells are almost double those for kernels as indicated by the following rates from Tsingtao.

Commodity	To Pacific ports	To Atlantic ports
	<u>Gold dollars</u>	<u>Gold dollars</u>
Kernels per short ton	\$4.00	\$9.00
In shell per short ton	7.00	17.50



Southern China ports are the principal users of peanut oil as indicated by the following statistics of exports. A few modern process mills operate in Tsingtao but the bulk of exports is extracted in native mills in the interior.

PEANUT OIL: Exports from China

Country	1924	1925
	<u>Short tons</u>	<u>Short tons</u>
Hongkong	16,259	14,524
United States including Hawaii	14,002	8,450
Great Britain	3,853	6,752
Singapore Straits	6,700	5,557
Total abroad	44,818	39,204
To Chinese ports	17,015	16,042

Peanut Prices at Tsingtao

Prices on the Tsingtao Exchange are in yuan silver dollars per picul of 133 1/3 pounds and for a local Fair Average Quality grade at sellers' warehouses in bulk. The following table gives monthly prices for kernels on the exchange and equivalent prices per 100 pounds in United States currency. It will be seen that fluctuations in the exchange rate account for a part of the monthly price changes.

The prices on count grades to America follow the basic price for Fair Average Quality grade to Europe; normal differences are shown below. The spread varies, of course, with the difficulty of getting count supplies.

38-40s	\$.20	(gold)	per hundred pounds above F.A.Q. price
30-32s55	" " " " " " "	" " " "
28-30s90	" " " " " " "	" " " "

Normal shell prices are 70 per cent of kernel prices for F.A.Q. grade with approximately 35 cents additional per 100 pounds for the sorted grades.



PEANUT KERNELS: Wholesale prices on Tsingtao, China, Exchange
Local "Fair Average Quality" grade.

Yunan dollars per picul of 133 1/3 pounds: Equivalent gold prices per 100 pounds

Month	:1923	:1924	:1925	:1926	:1927	: 1923	: 1924	: 1925	: 1926	: 1927
January....	: 9.16:	8.61:	9.21:	9.07:	10.30:	3.50	: 3.23	: 3.80	: 3.68	: 3.48
February ..	: 9.15:	8.74:	9.71:	9.09:	10.50:	3.51	: 3.41	: 3.93	: 3.62	: 3.55
March	: 9.16:	8.48:	10.56:	9.66:	11.00:	3.78	: 3.18	: 4.12	: 3.77	: 3.63
April	: 9.23:	8.29:	11.15:	9.90:	11.50:	3.68	: 3.09	: 4.43	: 3.79	: 3.60
May	: 9.32:	8.31:	11.61:	9.69:	:	3.71	: 3.12	: 4.61	: 3.71	:
June	: 9.61:	7.99:	11.90:	10.09:	:	3.75	: 3.02	: 4.96	: 3.86	:
July	: 9.95:	9.09:	11.62:	9.36:	:	3.73	: 3.41	: 4.79	: 3.58	:
August	: 9.41:	10.15:	11.19:	9.31:	:	3.52	: 3.88	: 4.70	: 3.42	:
September ..	: 10.07:	10.69:	9.40:	9.84:	:	3.79	: 4.25	: 4.02	: 3.62	:
October ...	: 10.06:	9.62:	10.78:	10.19:	:	3.75	: 3.97	: 4.61	: 3.36	:
November ..	: 8.87:	9.49:	9.96:	10.20:	:	3.34	: 3.92	: 4.16	: 3.29	:
December ..	: 8.77:	8.99:	9.45:	10.20:	:	3.42	: 3.71	: 3.90	: 3.29	:

Traders report that oil prices both in London and in Tsingtao are quite uniformly double the prices of kernels F.A.Q. grade. (Oil extraction is 40% of weight of kernels.) At current prices on the Tsingtao Exchange dealers estimate the price to farmers in the interior for kernels equivalent to \$2.50 per hundred pounds. Seizure of freight cars by troops in the civil warfare, and a tribute of \$50 a car to war lords for use of freight cars, are conditions to which Chinese business adjusts itself in a surprising manner.

Price factors in China

The foregoing analysis reveals that three large outlets are available for the peanut trade of North China--Canton, Europe and the United States in order of importance; and that the outlets to Canton and Europe are ultimately as peanut oil.

It becomes apparent, Mr. Nyhus points out, that the prices for kernels in China are fundamentally determined by the world level of prices for vegetable oils and for peanut oil in particular. Prices in Tsingtao are quite largely determined by what the peanut oil market in Europe warrants.

Prices for count grades for the United States must be premiums or enough higher than F.A.Q. prices to profitably cover mainly additional costs of sorting. Relatively small premiums in normal years secured ample supplies of count grades.



The 1926-1927 Market Season

The current season or marketing of the 1926 crop was featured by a crop carrying excessive moisture content. Continued wet weather during a part of the growing and most of the harvesting season reduced the size of the crop, greatly cut down the amounts of 28-30s, and put large quantities of improperly cured kernels on the market.

Usual moisture content of 6 to 8 per cent was as high as 10 per cent this year; few cargoes could carry certificates of merchantable condition, mold and heat damage on shipments particularly to Europe were heavy; and claims on insurance companies will reach large amounts. One steamship company to the United States refused to carry peanuts, a few insurance companies early refused to cover heat and mold damage and many others adopting this measure on May 1 predict the season coming to a quick close. Only small amounts of 28-30s and 30-32s were available for shipment to the United States, most of the shipments being 38-40s. Premiums of \$1.50 a hundredweight above F.A.O. prices for 28-30s failed to attract supplies.

Troop movements delayed shipments of 1925 crop from the interior to port cities and exports continued in volume into the summer. This year, however, only small exports are expected after May 1, states Agricultural Commissioner Nyhus. Kernel shipments to the United States from the 1926 crop up to May 1 this year are practically the same as the shipments from the 1925 crop to corresponding date. Small summer shipments, however, should make the total 1926 crop exports to the United States 10 to 20 per cent less than from the 1925 crop. Blanched peanut shipments to the United States will probably be double the amounts from the 1925 crop of 171 tons.

European takings will be considerably less than for the 1925 crop and oil shipments to the United States will be practically nothing.

The exchange rate was distinctly in favor of Chinese export trade. In local currency prices were the highest in years but in gold United States currency prices were low as shown in the preceding table.

Prices advanced during the season. Contracts at the beginning of the season were as low as \$3.90 per 100 pounds c.i.f. Pacific Coast but reached \$4.75 for 38-40s in April.



UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

September 22, 1927

F.S.
FN-2

FOREIGN NEWS ON NUTS

ESTIMATED PEANUT CROP IN SENEGAL FOR 1927

The prospects for a bumper peanut crop in Senegal, French West Africa, are most promising and it is stated that the harvest will amount to about 331,000 short tons regardless of the fact that there is less acreage planted this year, according to a report received in the United States Department of Agriculture from Vice Consul George C. Cobb at Dakar. Harvesting will begin about the middle of October and trading in this product will continue through March of the following year. The rains started early this year and the farmers began planting about the middle of July. Up to the last of August there was over three times as much rainfall as there was during 1926 and there were two more months of the rainy season yet to come.

Statistics as to the 1926 harvest of peanuts in Senegal have not yet been completed, but it is estimated at about 165,000 short tons, or about half what the crop should have been. This shortage in the harvest was caused by the lack of rain fall. Banks and trading firms had advanced large sums of money to peanut traders and their failure to deliver the nuts forced many of the smaller dealers into bankruptcy. The average price paid for peanuts during the 1926 season was \$440 per short ton. A large part of the peanuts produced in Senegal are exported to France where they are used by the oil crushing industry

Peanuts are the principal source of revenue in Senegal, French West Africa, and the welfare of the entire colony depends on the outcome of this crop, states Vice Consul Cobb. All business, banks, and even the government are more or less directly interested in this agricultural product. It is stated that the "trading firms", which do practically all of the business in Senegal, are primarily interested in trading in peanuts and that the stores, in which everything the market demands can be purchased, are merely a side line.

The government has established an agricultural station at Bambey where experiments are made in growing and selecting the peanuts which are best suited for the soil in the different parts of the colony. Seed nuts are given out to the chiefs of the village in hundred kilo lots, and after the harvest the government collects two hundred pounds for every one hundred advanced.

The cultivation of peanuts is carried on entirely by the natives. Europeans have tried the experiment of renting the land and farming themselves, but they have found that it did not pay. It is stated that the natives sell all of their peanuts as soon as they are harvested and are forced to go to the government for seed when the time for planting comes. Senegal is practically a desert country and very little preparation of the land is required for planting. The "bush" is burned off and the seeds are placed in the ground which has only a thin surface soil. There is no ploughing of the land, the only implement used is a hoe. Fertilizers are not used. It is stated that during the good season one acre will produce about 714 pounds of nuts.

1910

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1910												
1911												
1912												

1.9
E-752F

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

October 12, 1927

F.S.
PN-3

FOREIGN NEWS ON NUTS

PEANUT FORECAST FOR SHANTUNG, 1927-1928 SEASON

No definite information is yet available concerning the Shantung peanut outlook for the 1927-1928 season, but rough estimates received by local firms indicate that for the whole of Shantung Province the yield will be about 65 per cent of normal, that is, about equal to the 1926-1927 crop, according to a report received in the Bureau of Agricultural Economics from Consul W. Roderick Dorsey at Tsingtao.

It is predicted that the nuts will be more suitable for export than last season when an excessive moisture content not only rendered perilous the shipment of a large percentage of kernels but was also responsible for an extraordinary number of claims for unsatisfactory deliveries. The weather this year has been generally dry and the nuts are expected to leave the ground in sounder condition, provided no unduly heavy rains occur before the harvest. In many sections the harvest will be late, as first plantings failed to sprout because of the drought and second seedings became necessary. Gathering may be delayed from two weeks to a month, according to locality.

The new crop will enter upon a market practically cleared of nuts for foreign export, the few thousand tons of old stocks in sight being largely suitable for local crushing only, and none adapted to the grading demanded by the American trade. As regards exchange, the American buyer will probably be in about the same position as at the opening of last season's market when the Yuan dollar was worth United States \$0.48. At the present time (August 26, 1927) the value is United States \$0.45, states Consul Dorsey.

Shipments of peanuts from Tsingtao to all foreign countries and other Chinese ports during the 1926-1927 season, to the end of July, amounted to 244,011,200 pounds of kernels, and 34,234,500 pounds in shell, a total of 278,245,700 pounds of peanuts which is 58,788,700 pounds less than for the same period of the 1925-1926 season. The United States took 43,821,800 pounds in 1925-1926, and 33,134,400 pounds in 1926-1927.



1
752 F

UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

F.S.
PN-4

FOREIGN NEWS ON PEANUTS

October 25, 1927

SHORT CROP OF CHINESE PEANUTS

Early information in the peanut trade at Tsinan and Tsingtao, China, indicates a short crop of peanuts this year, only about 75 per cent of an average crop, according to a cable from Agricultural Commissioner Paul O. Nyhus. A poor stand, due to low germinating seed, and droughts in the interior during the growing season are given as the explanation of the poor crop. The peanut harvest has just commenced.

Contrary to the practice during the last few years, there has been little speculation on this year's crop and practically no contracts have been made for future deliveries in the United States. American offers and Tsingtao dealers' ideas of prices are too far apart to permit of any business being done at present. Business with Europe has not yet begun.

The size of the nuts is reported to be smaller than normal and exporters are unwilling to quote on 28-30's until supplies are established. Pacific coast importers have insisted on the same maximum moisture content as last year. Exporters have agreed to this condition but believe that, in order to comply therewith, shipments in normal volume can not be made until after the first of January.

